



## STATE OF WISCONSIN JOINT LEGISLATIVE COUNCIL

### REPORT NO. 18 TO THE 1999 LEGISLATURE

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#### LEGISLATION ON ECONOMIC DEVELOPMENT

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| 1999 SENATE BILL 393, | Relating to Establishing State Economic Development Goals, Directing the Department of Commerce to Establish a State Economic Development Policy, Consolidating and Revising Various Economic Development Financial Assistance Programs Administered by the Department of Commerce, Modifying the Department of Commerce's Export Plan, Creating a Sister State Program, Granting Rule-Making Authority and Making an Appropriation   |
| 1999 SENATE BILL 394, | Relating to Job Retention Programs; Productivity Enhancement Training Tax Credit; Applied Technology Centers; the Certified Capital Company Program; Promoting the Development of MultiState Venture Capital Development Conferences; Amending the Brownfield and the Environmental Remediation Tax Incremental Financing District Laws; Creating a Foreign Language Immersion Grant Program and Wisconsin World Geography Fund; Low-Income Transportation Assistance; Establishing an Advanced Journeyworker Pilot Program; Granting Rule-Making Authority and Making an Appropriation |

Legislative Council Staff  
February 22, 2000

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Madison, Wisconsin

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JOINT LEGISLATIVE COUNCIL  
REPORT NO. 18 TO THE 1999 LEGISLATURE\*  
LEGISLATION ON ECONOMIC DEVELOPMENT

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**PART I**

**KEY PROVISIONS OF LEGISLATION; COMMITTEE  
AND JOINT LEGISLATIVE COUNCIL VOTES**

**A. 1999 SENATE BILL 393, RELATING TO STATE ECONOMIC DEVELOPMENT  
GOALS, POLICY AND FINANCIAL ASSISTANCE**

This bill does the following:

- Creates *state economic development goals* and requires all executive branch agencies and authorities to consider these goals when implementing a statutory power or duty.
- Directs the Department of Commerce to develop a *state economic development policy* based on achieving these goals and to implement its economic development programs consistent with this policy.
- Simplifies the department's economic development *financial assistance programs* funded under six appropriations with, in general, one grant or loan program for each appropriation.
- Creates a *sister state program* in the department.

**B. 1999 SENATE BILL 394, RELATING TO VARIOUS ECONOMIC DEVELOPMENT  
PROGRAMS**

This bill does the following:

- Creates a statewide *job retention skills development program* within the technical college system to help employees develop the skills to retain their jobs, build the job skill levels of those employees and assist those employees to attain higher wages and long-term careers.
- Establishes a *business tax credit for training expenses* incurred by a business to provide training to its incumbent work force to improve that work force's productivity and promote and provide workers for high-skill and high-wage jobs.
- Modifies the technical college *applied technology center program*, by exempting gifts, grants and federal funds from the expenditure limit for the purchase or construction of such a facility and extends the date by which expenditures may be made.

- Modifies the state's *certified capital company (CAPCO) law* to focus the state's venture capital efforts on start-up firms with relatively small average annual net income.
- Expands the state's *venture capital fair* effort to emphasize regional venture fairs that assist Wisconsin entrepreneurs or businesses in obtaining capital for the start-up or development of a business and that stimulate investment, promote economic development or create or retain jobs in the state.
- Establishes a *foreign language immersion instruction grant program* to provide, on a competitive basis, grants to educational organizations to provide intensive foreign language instruction to public or private school pupils in grades kindergarten through six.
- Creates a *Wisconsin world geography fund*, in cooperation with the National Geographic Society, to fund grants to educational programs in the state that improve the geographic literacy of students and teachers.
- Strengthens *transportation services under the Wisconsin Works (W-2) program* by promoting planning for ways to provide affordable and sufficient transportation to low-income workers for employment and child care opportunities and expanding the number of individuals eligible for W-2 transportation assistance.
- Establishes an *advanced journeyworker credential pilot program*, to be implemented by the Department of Workforce Development (DWD), which will establish the credentials to recognize advanced training and post-apprenticeship achievements in up to three trades, crafts or businesses and thus expand the development and training of the work force.
- Encourages the successful *recycling of additional brownfield areas* by expanding the protections for local units of government that involuntarily acquire contaminated property, providing for the transfer of development zone tax credits for remediation, enhancing the land recycling loan program, modifying the environmental remediation tax incremental financing district program, providing interim liability protection during the voluntary party liability exemption process and providing for the use of natural attenuation in area-wide groundwater approaches.

### **C. COMMITTEE AND JOINT LEGISLATIVE COUNCIL VOTES**

By an October 14, 1999 mail ballot, the Special Committee on State Strategies for Economic Development approved WLCS: 0151/1 for recommendation to the Joint Legislative Council for introduction in the 1999-2000 Legislature by a vote of Ayes, 16 (Sens. Welch, Rude,

Plache and Roessler; Reps. Jensen, Jeskewitz and Morris-Tatum; and Public Members Gale, Hansen, Hutchison, Newby, Nitschke, Stark, Swanson, Torinus and Weyers); Noes, 1 (Rep. Ziegelbauer); and Not Voting, 4 (Public Members Gehl, Montemurro, Morgan and Zempel).

By an October 14, 1999 mail ballot, the Special Committee on State Strategies for Economic Development approved WLCS: 0195/1 for recommendation to the Joint Legislative Council for introduction in the 1999-2000 Legislature by a vote of Ayes, 15 (Sens. Welch, Rude, Plache and Roessler; Reps. Jensen, Jeskewitz and Morris-Tatum; and Public Members Gale, Hansen, Hutchison, Nitschke, Stark, Swanson, Torinus and Weyers); Noes, 2 (Rep. Ziegelbauer; and Public Member Morgan); and Not Voting, 4 (Public Members Gehl, Montemurro, Newby and Zempel).

At its November 4, 1999 meeting, the Joint Legislative Council adopted WLCS: 0212/1, an amendment to WLCS: 0151/1, by unanimous consent. The amendment reconciled various provisions of WLCS: 0151/1 with the biennial budget (1999 Wisconsin Act 9). The Joint Legislative Council then voted to introduce 1999 Senate Bill 393 (WLCS: 0151/1, as amended by WLCS: 0212/1), by a vote of Ayes, 21 (Sens. Risser, Burke, Chvala, Cowles, Ellis, Erpenbach, Grobschmidt, Robson, Rosenzweig and Zien; and Reps. Kelso, Bock, Foti, Freese, Gard, Huber, Jensen, Krug, Schneider, Seratti and Stone); Noes, 0; and Absent, 1 (Sen. George).

At its November 4, 1999 meeting, the Joint Legislative Council adopted WLCS: 0211/1, an amendment to reconcile various provisions of WLCS: 0195/1 with the biennial budget (1999 Wisconsin Act 9) by unanimous consent. The Joint Legislative Council adopted an amendment to delete the provision on groundwater standards in WLCS: 0195/1 on page 32, lines 14 to 20, by a vote of Ayes, 11 (Sens. Risser, Burke, Chvala, Erpenbach, Grobschmidt, Robson, Rosenzweig and Zien; and Reps. Bock, Huber and Krug); Noes, 9 (Sen. Cowles; and Reps. Kelso, Foti, Freese, Gard, Jensen, Schneider, Seratti and Stone); and Absent, 2 (Sens. Ellis and George). The Joint Legislative Council then voted to introduce 1999 Senate Bill 394 (WLCS: 0195/1, as amended), by a vote of Ayes, 19 (Sens. Risser, Burke, Chvala, Ellis, Erpenbach, Grobschmidt, Robson, Rosenzweig and Zien; and Reps. Kelso, Bock, Foti, Freese, Gard, Huber, Jensen, Schneider, Seratti and Stone); Noes, 2 (Sen. Cowles; and Rep. Krug); and Absent, 1 (Sen. George).



## **PART II**

### **COMMITTEE ACTIVITY**

#### **A. ASSIGNMENT**

The Joint Legislative Council established the Special Committee on State Strategies for Economic Development and appointed its chairperson by a June 24, 1998 mail ballot. The Joint Legislative Council directed the Committee to study means to strengthen Wisconsin's competitive economic position in the first decade of the next millennium. The Committee was also directed to analyze the state's relative economic strengths and weaknesses and current and emerging economic trends and related data, and recommend policies and practices to promote a growing state economy which remains competitive, dynamic and responsive to changing needs and demands. Senator Robert Welch was appointed to chair the Committee.

The Joint Legislative Council appointed the members of the Committee by a September 4, 1998 mail ballot. A membership list of the Joint Legislative Council is included as **Appendix 1**. The membership of the Special Committee consisted of four Senators, four Representatives and 12 public members. A list of the Committee membership is included in **Appendix 2**.

#### **B. SUMMARY OF MEETINGS**

The Committee held eight meetings at the State Capitol in Madison on the following dates:

October 14, 1998	February 15, 1999
November 24, 1998	March 15, 1999
December 16, 1998	April 12, 1999
January 11, 1999	May 24, 1999

At the October 14, 1998 meeting, Senator Brian Rude, Cochairperson, Joint Legislative Council, welcomed the members of the Committee. After introducing themselves, Committee members summarized their interests, concerns and issues relating to economic development. The Committee then heard from four invited speakers.

Phil Albert, Acting Secretary, Department of Commerce, provided background information on the department, traced the development of state economic development programs since the early 1980's, summarized financial and technical assistance programs offered by the department, provided statistics on Wisconsin's economic trends and performance and identified future economic development strategies being pursued by the department.

Ben Brancel, Secretary, Department of Agriculture, Trade and Consumer Protection (DATCP), provided an overview of DATCP's programs with emphasis on the division that assists in the marketing of agricultural products.



Brenda Blanchard, President, Forward Wisconsin, Inc., provided information on the following topics: the organization, funding and history of Forward Wisconsin; its marketing strategy; information on how Forward Wisconsin works with companies and other public and private entities in Wisconsin in promoting the state's business outside of the state; examples of its activities; results of its marketing efforts; and Forward Wisconsin's vision for marketing Wisconsin outside the state in the future.

Fritz Ruff, Executive Director, Wisconsin Housing and Economic Development Authority, addressed the role of housing in economic development. He also recommended the Committee address the universal need for more child care in the future, especially for children with disabilities as a way to assist workers with families and expand the work force in Wisconsin.

At the November 24, 1998 meeting, the Committee heard presentations from invited speakers. Daniel Burrus, Burrus Research Associates, Inc., spoke on the importance of information sharing and technology as vehicles for economic success in the 21st Century. He stressed the importance of understanding that technology will provide an abundance of choices in the way businesses and government operate and that no single way is likely to be the best or preferred way.

William Hunter, Associate Dean, College of Business Administration, Marquette University, discussed Wisconsin's tax climate and its effects on the state's economy. He focused on high property taxes and high personal income taxes as a percentage of income.

Ron Shaeffer, Director, Center for Community Economic Development, University of Wisconsin (UW)-Extension, addressed economic development in rural Wisconsin. He indicated that his vision for rural Wisconsin in the future is a place where local citizens have an opportunity to create the communities that they choose to live in, where they have figured out what form of land use to apply and where they are able to encourage sustainable development.

Jon Udell, Professor, School of Business, UW-Madison, discussed two major influences that affect the state's economy, national and international growth and the effect of the state's government leadership. He also identified five key things the state must do to continue to enjoy a healthy economy: maintain a healthy business climate, improve the tax system, expand and improve the quantity and quality of the state's labor force, improve the quality of its education, and support and encourage entrepreneurial education.

At the December 16, 1998 meeting, the Committee developed and adopted a mission statement for state economic development activities. Chairperson Welch also led a "brainstorming" session during which Committee members identified economic development issues that the Committee may wish to pursue. This effort resulted in a list of 89 issues that staff organized under the following topics: general tax incentives and disincentives and cost of state government, skilled labor availability and education, infrastructure (including energy reliability and information technology), university research and technology transfer and research and development, reducing regulatory barriers to economic development, marketing and image,

accountability of economic development programs and measuring outcomes, entrepreneurship, targeted economic development programs, international export support and economic warfare.

At the January 11, 1999 meeting, the Committee heard presentations from representatives of the UW System. John Wiley, Provost and Vice-Chancellor, UW-Madison, discussed research efforts and technology transfer in the UW System. David J. Ward, Senior Vice President for Academic Affairs, UW System, explained the UW System's programs and roles in the following areas: UW System partnerships and outreach activities, UW System migration of recent graduates ("brain drain"), entrepreneur courses offered at the UW System, strategic academic program review in the UW System and program review and program array in the UW System.

The Committee discussed the members' priority issues ranked by category, based upon rankings that members had submitted to staff following the December 16, 1998 meeting. The Committee discussed the priority issues and requested information from staff to assist it in further addressing the Committee's priority issues.

At the February 15, 1999 meeting, the Committee heard presentations from invited speakers on the role of education in international commerce and affairs and on the availability of venture capital in Wisconsin.

Milton Neshek, Kikkoman Foods, Walworth, Chairperson of the Governor's WITCO Task Force on International Education, Donald Nichols, Professor of Economics, UW-Madison, Charles Kronke, Dean, School of Business Administration, UW-Milwaukee, and Paul Sandrock, Foreign Language Education Supervisor, Department of Public Instruction (DPI), made a joint presentation on the Governor's WITCO Task Force on International Education. The speakers provided material on the task force's work and recommendations, the status of the implementation of the recommendations, efforts by the UW Board of Regents to implement the recommendations and the international education initiative included in the DPI budget request based upon the task force's recommendations.

Roger Ganser and John Neis, Venture Investors Management, LLC, discussed why venture capital is important, the availability of venture capital in Wisconsin, the opportunity in Wisconsin to create new successful high technology companies and state government's role in encouraging the availability of venture capital in the state.

Patricia Lipton, Executive Director, State of Wisconsin Investment Board (SWIB), provided information on the following: data on the funds administered by SWIB and the related impact of the Wisconsin Retirement System on the state's economy, SWIB's focus on investments in Wisconsin, SWIB's perspective on investments and new ventures in its venture capital program and future SWIB investment plans.

Joseph Hildebrandt, attorney, Foley and Lardner, described the role of angel investors as a source of capital for start-up businesses.

During the meeting, Committee members also discussed the state's tax ranking, brown-field development, transportation of workers to work sites and requests by state agencies for

program flexibility. Mr. Nitschke summarized his three-part proposal related to employee retention, promotion of applied technology centers at technical colleges and tax credits for worker training. Mr. Weyers addressed the Committee on its priority for ensuring reliable, inexpensive energy supplies.

At the March 15, 1999 meeting, Mr. Weyers provided expanded remarks on the problems facing Wisconsin utilities and the need to ensure reliable, inexpensive energy supplies in the state.

The Committee discussed the following drafts at the meeting: WLCS: 0064/1, relating to job retention programs; WLCS: 0065/1, relating to productivity enhancement training tax credits; WLCS: 0066/1, relating to applied technology centers; and WLCS: 0069/1, relating to the CAPCO program. The Committee suggested changes and additions to these drafts. The Committee discussed a proposal by Dr. Rolf Wegenke, President, Wisconsin Association of Independent Colleges and Universities, to establish a tax credit for higher education expenses. After the discussion, Chairperson Welch indicated that without more Committee support, the Committee would not pursue this proposal. The Committee discussed Memo No. 7 on tax treatment of research and educational expenses.

At the April 12, 1999 meeting, the Committee reviewed WLCS: 0096/1, relating to international education. Hearing no objections from Committee members, Chairperson Welch indicated that he would place this draft before the Committee for a vote as part of the Committee's final recommendations. The Committee discussed WLCS: 0072/2, relating to creating an administrative rules task force. Chairperson Welch directed a change in the draft. Committee members requested that action on the draft be deferred pending receipt of the views of the cochairpersons of the Joint Committee for Review of Administrative Rules on the draft. The Committee discussed environmental audits based upon Assembly Substitute Amendment 2 to 1997 Assembly Bill 235. The Committee took no action on environmental audits pending receipt from Committee members of specific proposals to modify this substitute amendment.

The Committee reviewed revisions to previously reviewed drafts, WLCS: 0069/2, WLCS: 0064/2, WLCS: 0065/2 and WLCS: 0066/2. The Committee requested changes in all of these except for WLCS: 0064/2, which Chairperson Welch indicated would be placed before the Committee for a vote as part of the Committee's final recommendations. The Committee reviewed WLCS: 0086/1, relating to interstate competition. The Committee suggested changes in this draft for incorporation in the next version of it.

The Committee discussed the Department of Commerce's financial assistance programs for economic development and ways to coordinate these programs and make them more accountable. Chairperson Welch indicated that he would pursue with the Secretary of the Department of Commerce opportunities for consolidating these programs and establishing measures of the effectiveness of the awards under the programs.

The Committee received a staff report on the recommendations of the Joint Legislative Council's Special Committee on Capture of Federal Resources. Hearing no specific proposal, the Committee did not pursue this issue further.

The Committee reviewed the response from the UW System on how to establish research parks at many if not all of the UW institutions. Following further discussion, Chairperson Welch indicated that the Committee would not do further work on research parks and university technology transfer. The Committee reviewed the state tax treatment of capital gains. Following discussion, Chairperson Welch indicated since there were no requests to change this treatment, the Committee would no longer pursue this issue.

The Committee discussed Representative Jeskewitz's concerns relating to transportation for low-income individuals. The Committee provided drafting instructions for a proposal on this issue. The Committee also discussed but took no action on the proposals to create a pilot Wisconsin career transcript system and to better link school education and work experience such as in a "school to regular" apprenticeship program.

At the May 24, 1999 meeting, the Committee discussed and by consensus decided to include the following drafts in the Committee's recommendations: WLCS: 0064/2; WLCS: 0065/3; WLCS: 0128/1, relating to an advanced journeyworker pilot program; WLCS: 0106/1, relating to low-income transportation; and WLCS: 0144/1, relating to brownfields. The Committee also discussed WLCS: 0096/1 further but made no changes in it.

The Committee reviewed the following drafts and proposed changes to them: WLCS: 0069/3, WLCS: 0063/1, WLCS: 0066/3 and WLCS: 0072/3. By consensus, Chairperson Welch indicated that these drafts, as amended, would be included in the Committee's final recommendations.

The Committee addressed a number of other issues. After discussing environmental audits, Chairperson Welch set the proposal aside. After reviewing a staff memorandum on income tax options, the Committee voted to: (1) recommend to the Joint Committee on Finance that the state reduce individual income taxes over the next four years so that Wisconsin moves out of the top 10 rankings for combined state and local taxes; and (2) report to the Joint Committee on Finance that the Committee supports the goal of a single factor apportionment formula for corporate income taxes.

The Committee reviewed WLCS: 0151/P1, relating to economic development program accountability. Following this discussion, Chairperson Welch directed staff to prepare a full-fledged version of this draft for a vote by mail ballot by members for inclusion in the final Committee recommendations. He also directed staff to consult with Representative Morris-Tatum on including sister state relationship provisions in the draft.

The Committee reviewed further WLCS: 0086/1, relating to interstate competition. Chairperson Welch noted that nothing in the draft would prevent a business from playing off a state that is a party to the compact created under the draft against a state that is not a party. Chairperson Welch indicated the Committee would not further pursue this draft unless a Committee member could identify a way to address this loophole.

In addition to reviewing the drafts identified above, at its May 24, 1999 meeting, the Committee identified a number of initiatives it wanted the Joint Committee on Finance to

consider for inclusion in the 1999-2001 state budget. These recommendations related either to specific provisions in the Governor's budget bill or to proposals for which the Committee felt there was some urgency for adoption, for example, to coordinate them with the implementation of another state program. Subsequently, the chairperson wrote the cochairpersons of the Joint Committee on Finance with recommendations on the following topics: (1) reducing individual income taxes; (2) adopting a single-factor apportionment formula applicable to the state corporate income tax; (3) refining the CAPCO law; (4) expanding adult apprenticeships; (5) providing foreign language immersion instruction grants; and (6) providing matching funds to establish the Wisconsin world geography fund. (A copy of this letter is included in **Appendix 3** to this report.)

### **C. STAFF MATERIALS AND OTHER MATERIALS**

**Appendix 4** lists all of the materials received by the Special Committee on State Strategies for Economic Development. In addition to these listed materials, Legislative Council Staff prepared bill drafts for the Committee and a summary of each of the Committee meetings. The following document, prepared by the Legislative Council Staff, may be of particular interest to persons interested in the work of the Committee:

- Staff Brief 98-5, *Introduction to Economic Development in Wisconsin* (October 8, 1998).

### **PART III**

#### **BACKGROUND; DESCRIPTION OF BILLS**

This Part of the Report provides background information on, and a description of, 1999 Senate Bills 393 and 394 which were recommended by the Special Committee on State Strategies for Economic Development and introduced by the Joint Legislative Council.

#### **A. BACKGROUND ON COMMITTEE CONCERNS AND PRIORITIES**

After considerable Committee discussion early in its existence, the Committee adopted a mission statement to guide its work. The statement provides that:

Within 10 years, Wisconsin will be a world leader by: (1) having the most highly skilled professional and technical work force; (2) having the best system of encouraging entrepreneurial ventures; and (3) having a tax, regulatory and financial climate conducive to a healthy statewide economy.

The Committee also developed a list of approximately 90 issue areas important to the state's economic future. Chief among the Committee's concerns was the state's high tax burden. The Committee was concerned that Wisconsin's consistently high placement in national income and overall tax rankings would prove detrimental to the state attracting new businesses and highly trained workers and keeping businesses and workers already located in Wisconsin from leaving.

Other significant issues identified by the Committee included:

1. Establishing and maintaining reliable, inexpensive energy supplies.
2. Providing tax incentives for businesses to upgrade the skills of incumbent workers.
3. Developing a system of flexible state and local regulations.
4. Continuing promotion of brownfield development.
5. Offering adequate transportation services and infrastructure to enable workers to get to their jobs.
6. Fostering collaboration between government and business, especially in the permitting process.
7. Focusing the Department of Commerce's economic development efforts on attracting, developing and maintaining high-skill, high-wage jobs.



8. Ensuring the availability of venture capital for Wisconsin start-up firms.

To address many of these and other issues, the Committee's recommendations affect numerous state agencies and programs.

**B. 1999 SENATE BILL 393, RELATING TO STATE ECONOMIC DEVELOPMENT GOALS, POLICY AND FINANCIAL ASSISTANCE**

**1. Background**

The Committee believed that the state's economic development financial assistance programs need to be focused on a long-term strategy for attracting or developing the types of businesses that will benefit Wisconsin's economy long into the future. It also believed that the Department of Commerce needs the flexibility in administering its financial assistance programs to direct assistance where it is most needed to implement the long-term strategy. Finally, the Committee recognized the importance of Wisconsin's role in the global marketplace and identified the need for Wisconsin to more actively pursue that role. Accordingly, the draft makes a number of changes to streamline the Department of Commerce's economic development financial assistance programs, to focus them on long-term goals and to create a sister state program in the Department of Commerce.

**2. Description of the Bill**

The bill does the following:

- a. Creates statewide economic development goals based on the goals in the committee's mission statement (described in Section A., above) and directs all executive branch agencies, including the Department of Commerce, and state authorities to: (1) consider these goals when implementing a statutory prescribed power or duty; and (2) implement the power or duty in a manner that contributes to the expeditious attainment of the goals.

- b. Replaces the department's duty to develop a state economic policy and implement 11 specific types of economic development activities with the general duty to develop and provide leadership in implementing a state economic development policy that is designed, to the extent practicable, to assist the state in achieving all of the statewide economic development goals.

- c. Directs the department to develop and implement economic development programs consistent with the state economic development policy that it develops under the draft and to submit annual reports, starting no later than September 1, 2002, to the Governor and the Legislature on the progress in implementing the policy.

- d. Simplifies economic development financial assistance programs and provides the department more flexibility in implementing these programs by replacing 41 statutorily specified

economic development grant or loan programs funded under six appropriations to the department with one grant or loan program for each appropriation, as described below.\*

e. Establishes that the department's current export plan must apply to countries in all inhabited continents.

f. Directs the department to create a sister state program under which the Secretary of Commerce may enter into a sister state affiliation on behalf of the state.

The bill modifies 41 economic development financial assistance programs funded under six appropriations to the department. The six appropriations fund the following: (a) community-based economic development programs; (b) small cities community development block grants (CDBG); (c) rural economic development programs; (d) business development initiative; (e) Wisconsin development fund; and (f) minority business projects. Under the bill:

a. For each of these appropriations, other than the federally funded CDBG, the bill consolidates all of the statutory grant or loan programs funded by the appropriation into one grant or loan program. The CDBG programs are not consolidated, since the current statutes do not prescribe specific assistance programs to be funded by CDBG funds.

b. The purpose of the assistance provided by the programs under each of the six appropriations is established to be that the assistance contributes to the implementation of the department's economic development policy.

c. Statutory specification of the specific types of projects eligible for funding, funding priorities and criteria, and conditions placed on the assistance are replaced by delegating the specification of these items to the department.

The bill does not change the amount of appropriations, the general types of projects eligible for funding, the authorized positions to administer the programs and who is eligible to receive assistance under the programs. As a result, if the department determines that a current program's design contributes to implementing the state economic development policy, then the department could continue a program in its present form.

In general, the bill takes effect on January 1, 2001, except that the modification of the export plan and the creation of the sister state program take effect on the day after publication.

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\*This count of affected programs is based on the number of times the statutes specify a power or duty to award financial assistance, as opposed to the number of programs administered by the department based on the department's consolidation or splitting of the statutory programs.



**C. 1999 SENATE BILL 394, RELATING TO VARIOUS ECONOMIC DEVELOPMENT PROGRAMS**

**1. Background**

The Committee recognized that one of the major issues that Wisconsin's employers will face in the coming years is the shortage of new and experienced workers. The Committee believed that it will be important for first-time job holders to develop the skills needed to retain their jobs, and for employers to have access to the human resources necessary to continue Wisconsin's strong economy. The Committee also believed it will be important for businesses to be able to provide training to enhance the skills of the incumbent work force to improve its productivity and to provide workers the skills needed for the jobs of the future.

In addition, the Committee felt that one of the single biggest barriers to the development of high-tech businesses in Wisconsin using technologies developed through research at Wisconsin's colleges and universities, is the lack of venture capital for small, start-up firms. The Committee concluded that the available venture capital should be focused on newly created businesses.

Also, the Committee understood that, for the state to successfully compete in the future economy, it is important for Wisconsin students to have the opportunity to study foreign languages and gain an understanding of Wisconsin's place in the world through the study of world geography.

The Committee also believed that it is important for workers in Wisconsin to have access to affordable and sufficient transportation to enable them to attain jobs in job-rich suburban areas. In addition, the Committee believed it is important to encourage successful recycling of additional brownfield areas in Wisconsin's urban areas so that the entire state will benefit from Wisconsin's economic development potential.

**2. Description of the Bill**

**a. Job Retention Skills Development Program**

This bill requires the state technical college system board (the "system board") to establish a statewide job retention skills development program to assist employers to retain entry-level employees, build the job skill levels of those employees and assist those employees to attain higher wages and long-term careers. Under the bill, the program must be available to all employers in the state and, to the extent practicable, must be provided at employment sites.

The program must emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty line who are current or former recipients of public assistance, employees in the first six months of employment with their employer and entry-level employees.

In establishing the program, the system board must consult with employers, technical college district boards, W-2 agencies, local units of government and labor organizations. The program must include elements relating to the skills needed to show up for work on time, to work effectively in a team, to communicate with supervisors and coworkers and to solve basic job-related personal and interpersonal problems encountered in the workplace.

The bill requires the system board, in consultation with employers, technical college district boards ("district boards") and DWD, to develop standards to assess the job retention skills competencies of participants before and after participation in the program. The program sunsets on December 31, 2004.

Further, the bill requires district boards to offer the program and to assist employers who are providing ongoing job retention skills development and reinforcement activities in the work place. The bill also allows district boards to charge employers a fee for the program and services offered to employers. The bill directs \$200,000 of federal temporary assistance for needy families block grant funds to be used to implement the program.

Finally, the bill requires W-2 agencies to provide case management services to individuals who move from W-2 employment positions to unsubsidized employment and coordinate those services with the job retention skills development program. [SECTIONS 4, 7, 8, 12, 13 and 49 (2).]

**b. Productivity Enhancement Training Expense Tax Credit**

The bill provides a nonrefundable business tax credit for expenditures made by a business to provide certain training to the business's incumbent work force to improve that work force's productivity and promote and provide workers for high-skill, high-wage jobs within the business. The credit equals 100% of the business's training expenses, which are certified as described below, up to a maximum of \$7,500 per year. Eligible training expenses may include up to \$2,000, for pre-training assessment and consultation services. The credit may not be claimed for amounts deducted by the business under the Internal Revenue Code as ordinary and necessary business expenses. Unused credits may be carried forward for up to 15 years. Under the bill, sole proprietorships, corporations and insurers may claim the credit. Partnerships, limited liability companies and tax option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests.

To qualify for the credit, the business's productivity enhancement training expenses must be certified by the Department of Commerce. To be eligible to have its expenses certified, the business must submit to the department a productivity enhancement training plan which: (1) provides for training of its incumbent work force which will increase the incumbent work force's productivity; and (2) provides for training of its incumbent work force which will result in the work force holding higher skilled jobs and higher paying jobs. In addition, the business must receive pre-training needs assessment and consultation from an experienced provider of productivity assessments, as approved by the department. Finally, the business must submit an accounting of its productivity enhancement training expenses so that the department may determine if the expenses were incurred under the training plan.

Each business that has its expenses certified and that claims the tax credit must report to the department by March 1 of the year after receiving the certification on the results of its productivity enhancement training and its success in meeting the goals established in its productivity enhancement training plan. The department is required to report to the Legislature by December 1 annually on the effectiveness of the program.

The tax credit is available for tax years beginning on or after January 1, 2000 and sunsets on December 31, 2008. [SECTIONS 15 to 20, 24 to 30, 44 and 50 (2).]

*c. Applied Technology Centers*

Under current law, as created by 1999 Wisconsin Act 9, technical college district boards may expend up to \$5,000,000 for the purchase or construction of facilities to be used as applied technology centers without approval in a referendum. The district board must adopt a resolution and the encumbrance of expenditures must be approved by the system board. The approval process must be developed by the system board in consultation with representatives of business and labor interests.

To obtain the system board's approval, the district board must demonstrate all of the following:

(1) That the proposed applied technology center is likely to increase or retain the number of jobs in the region that require a high level of skill and provide a high level of wages.

(2) That the productivity of workers that would use the applied technology center is likely to increase.

(3) That a commitment exists from businesses in the region to fund at least 30% of the capital costs of the applied technology center, 100% of the direct operating costs of services provided under a contract at the applied technology center and 20% of the indirect operating costs of services provided under a contract at the applied technology center.

(4) That representatives of labor and business interests were consulted on the development of the proposed applied technology center.

After receiving approval, the district board must report to the system board on the change in wages, productivity and skill levels of workers that have been directly served by the applied technology center.

As created by Act 9, this program sunsets December 31, 2002.

The bill makes two changes to current law. First, the bill provides that the \$5,000,000 limit does not apply to gifts, grants or federal funds. Also, the bill extends the date by which expenditures may be made to December 31, 2002. [SECTION 6.]

**d. CAPCO**

1997 Wisconsin Act 215 created the CAPCO program. Under the program, an insurance company may receive a credit on its insurance premiums tax for its investments in a CAPCO if the CAPCO uses the funds to invest as venture capital in designated small businesses in Wisconsin. These venture capital investments are referred to in Act 215 as “qualified investments.” The bill focuses CAPCO’s qualified investments on supporting the creation and expansion of start-up firms, i.e., providing seed capital rather than later stage financing, by doing the following:

(1) Lowering the average annual net income of a qualified business in which a CAPCO may invest from \$2,000,000 to \$1,000,000.

(2) Precluding a CAPCO’s qualified investment from being used to replace existing sources of financing.

(3) Requiring a CAPCO to have professional staff based in the state to manage its investments in qualified businesses in Wisconsin to ensure that the CAPCO will be able to provide the direct assistance that a start-up firm needs. [SECTIONS 45 to 47 and 51 (1).]

**e. Venture Capital Fairs**

Under current law, the Department of Commerce may make a grant from its appropriation for community-based economic development programs to a community-based economic development organization or a private nonprofit organization for a venture capital fair if the fair will: (1) assist Wisconsin entrepreneurs or businesses in obtaining capital for the start-up or development of a business; and (2) likely stimulate investment, promote economic development or create or retain jobs in the state. The bill establishes that an eligible venture capital fair may be local, statewide or multi-state in nature and directs the department to encourage the development of regional venture fairs in the upper Midwest that meet the two conditions specified above for receipt of a grant to support a venture capital fair. [SECTIONS 42 and 43.]

**f. Foreign Language Immersion Instruction Grants**

The bill creates a foreign language immersion instruction grant program which requires the State Superintendent of Public Instruction to award grants, on a competitive basis, to an educational organization or consortium of such organizations for the development and implementation of a foreign language immersion instruction program in public or private schools in grades kindergarten to six. Under the bill, the State Superintendent is required to promulgate rules defining “educational organization.” The bill appropriates \$350,000 GPR in FY 1999-2000 and \$750,000 in FY 2000-01. [SECTIONS 1, 2 and 33.]

**g. Wisconsin World Geography Fund**

The bill creates a one-time appropriation of \$500,000 GPR in FY 2000-01 for the Wisconsin world geography fund. The bill requires the State Superintendent of Public Instruction to

enter into an agreement with the National Geographic Society education foundation to establish the fund. The agreement must require the foundation to manage the fund and must require the State Superintendent to award a grant of \$500,000 to the fund if the award is matched by the foundation. The agreement must further require that the income and appreciation of the fund be used to fund grants to educational programs in the state that improve the geographic literacy of students and teachers.

The agreement must require that the National Geographic Society education foundation annually submit a statement of the Wisconsin world geography fund account prepared by an independent auditor to the State Superintendent, along with a report on the recipients who received a grant from the fund. Finally, the agreement must provide that if the fund ceases to operate, or the state withdraws from participation, the state contribution to the fund, along with any unexpended income or appreciation of the fund attributable to the state's contribution, must be returned to the state. [SECTIONS 1, 3 and 32.]

#### **h. W-2 Transportation Services**

The bill makes the following changes in the W-2 program relating to transportation services:

##### **(1) W-2 advisory committee on transportation**

Under current law, each W-2 agency must establish a community steering committee which, among other things, is to advise the W-2 agency concerning employment and training activities and to provide and encourage others to provide jobs and training opportunities for W-2 participants. The community steering committee must also work with W-2 participants, employers, child care providers and the community to identify child care needs, improve access to child care and expand availability of child care.

The bill requires the community steering committee to establish an advisory committee on transportation strategies and planning. The advisory committee is to be made up of local transit or transportation providers, employers, child care providers, a representative of a community organization that serves participants in the W-2 program, a representative of a W-2 agency and other persons considered appropriate by the steering committee. The advisory committee must make recommendations to the steering committee on ways to provide affordable and sufficient transportation options to low-income workers to access employment opportunities, child care services and other services conducive to stable employment. [SECTION 10.]

##### **(2) Accounting for transportation expenses**

Currently, W-2 agencies are authorized to provide transportation assistance to eligible individuals. Those services are paid for out of a W-2 agency's "ancillary services" account. This ancillary services account may also be used to provide other services such as job skills assessment, job coaching, employment search, emergency child care and worker's compensation premiums. Current law does not require a W-2 agency to provide an accounting of its W-2-related transportation expenses.

The bill requires W-2 agencies to provide to the DWD an accounting of the amount expended on W-2-related transportation services in each contract year. [SECTION 11.]

**(3) Eligibility for transportation assistance**

Under current law, W-2 agencies may provide transportation assistance in a manner prescribed by DWD. The W-2 agency must limit any financial assistance it provides to financial assistance for public transportation if a form of public transportation is available that meets the needs of the participant. Generally, a person is eligible for W-2 transportation assistance if the individual is a member of a "W-2 group," the gross income of which is at or below 115% of the federal poverty line.

The bill raises the income eligibility limit for W-2 transportation assistance to a level at or below 165% of the federal poverty line and makes noncustodial parents of children in a W-2 group eligible for W-2 transportation assistance. [SECTION 9.]

**i. Advanced Journeyworker Credential Pilot Program**

The bill establishes an advanced journeyworker credential pilot program, to be implemented by the DWD, which will expand the development and training of the current work force by expanding adult apprenticeships.

The bill authorizes DWD to implement three pilot programs in the state to provide credentialing opportunities beyond the journeyman level to recognize advanced training and post-apprenticeship achievements. The bill requires the department to submit to the Legislature by July 1, 2003, an evaluation of the program.

The program may be implemented beginning July 1, 1999. The bill appropriates \$160,000 to DWD in FY 1999-2000 and \$120,000 in FY 2000-01. This amount includes \$80,000 per year for salary, fringe benefits and supplies for one additional full-time equivalent position, \$30,000 for one-time program design and implementation costs and \$50,000 for ongoing program development and promotional costs. [SECTIONS 31 and 49 (1).]

**j. Brownfields**

The bill makes changes to the state's brownfield laws. Those changes are described below.

**(1) Expand protections for local units of government that involuntarily acquire contaminated property**

Current law generally requires a person who possesses or controls a hazardous substance that is discharged into the environment or who causes the discharge of a hazardous substance to restore the environment to the extent practicable and to minimize the harmful effects of the discharge on the environment. Current law generally exempts a local governmental unit from these clean-up requirements with respect to hazardous substance discharges on land acquired in



specified ways, such as through tax delinquency proceedings and condemnation. “Local governmental unit” is defined to include a city, village, town, county, redevelopment authority and housing authority.

Current law, as amended by 1999 Wisconsin Act 9, exempts a local governmental unit that has acquired property in one of the specified ways from certain requirements relating to hazardous waste if the hazardous waste is cleaned up, the Department of Natural Resources (DNR) approves the cleanup and other conditions are satisfied. The bill expands this exemption to cover the existence of solid waste, subject to the same conditions as apply to the existence of hazardous waste. [SECTION 39.]

**(2) Provide flexibility with development zone tax credits for remediation**

Under current law, a person may claim an income tax credit for up to 50% of the person’s environmental remediation expenses that occur in a development zone. Under current law, the credit may not be transferred between persons, and a municipality or nonprofit organization that engages in remedial remediation activities in a development zone may not claim a credit.

This bill provides that any person eligible to claim a credit for remediation expenses incurred in a development zone may transfer to any other person subject to taxation in Wisconsin the right to claim the credit. In addition, the bill provides that a person may claim a credit for 50% of the amount expended by a municipality or a tax-exempt or nonprofit organization for environmental remediation in a development zone if the municipality or organization has entered into an exclusive written agreement with the person claiming the credit that approves of the person claiming the credit based on the expenditures of the municipality or organization. The bill requires the Department of Revenue (DOR) to promulgate rules implementing the credit transfer provisions. [SECTIONS 21 to 23 and 50 (3).]

**(3) Modify the DNR land recycling loan program**

Under the land recycling loan program, the state provides loans to cities, villages, towns and counties (political subdivisions) for projects to remedy environmental contamination at sites owned by political subdivisions where the environmental contamination has affected, or threatens to affect, groundwater or surface water. The loans are provided at below-market interest rates.

The bill provides that land recycling loans may not be made for the purpose of refinancing site investigations. [SECTION 34.]

**(4) Modify environmental remediation tax incremental financing (TIF) district**

Under current law, a city, village, town or county (political subdivision) may create an environmental remediation tax incremental district (ERTID) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then

subject to property taxation, environmental remediation (ER) tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

Under current law, as amended by 1999 Wisconsin Act 9, “eligible costs” include capital costs, financing costs and certain administrative and professional service costs incurred for the investigation, removal, containment or monitoring of, the environment affected by, environmental pollution, property acquisition costs and demolition costs. The bill expands “eligible costs” to include the cancellation of delinquent taxes.

Also, if the property that is being remediated is sold by a political subdivision, the bill prohibits it from being sold or transferred to any person who is responsible for the environmental pollution that is remediated. [SECTIONS 13, 14 and 50 (1).]

Current law, as amended by 1999 Wisconsin Act 9, provides that a voluntary party is not liable with respect to a discharge of a hazardous substance on or originating from a property if the discharge occurred before an environmental investigation is complete but was not discovered in the course of that investigation and if certain other requirements are met. Those other requirements include: the environmental investigation is approved by the DNR; the voluntary party enters into a clean-up agreement with DNR, if required by DNR; the voluntary party obtains and maintains insurance to cover the costs of restoring the environment and the discharge that is discovered before the original cleanup is complete. The bill modifies these requirements to exempt from liability voluntary parties who discover a discharge after doing all of the above and after conducting a second environmental investigation and having it approved by DNR. Thus, under the bill, a voluntary party is only exempt from the requirements to clean up hazardous substance discharge discovered after the second environmental investigation is approved. [SECTIONS 36 and 37.]

**(5) Expand the liability protections for local units of government**

Generally, current law provides that a local governmental unit is immune from civil liability for a discharge of a hazardous substance on or from property formerly owned or controlled by the local governmental unit if the property is no longer owned by the local governmental unit at the time that the discharge is discovered and if the property was acquired by the local governmental unit in certain ways. Those ways include the acquisition of the property through tax delinquency proceedings, as the result of an order of a bankruptcy court, through condemnation or in pursuit of slum clearance or blight elimination.

The bill expands this immunity to property acquired in these ways that is still owned or controlled by the local unit of government at the time the discharge is discovered. [SECTION 40.]

**(6) Require use of natural attenuation in areawide groundwater approaches and consideration of groundwater use in conducting cleanups**

Current law gives DNR authority to promulgate administrative rules governing cleanup of contaminated property. Under current administrative rules, one of the criteria for case closure



approval in a situation in which hazardous substance discharges into groundwater exceed enforcement standards or preventive action limits is that groundwater contamination exceeding those standards or limits will not migrate beyond the boundaries of the property or properties for which groundwater use restrictions have been recorded.

Under the bill, when determining the criteria for closure of a case involving groundwater contamination exceeding enforcement standards or preventive action limits, DNR is required to consider institutional controls, including municipal ordinances, that provide adequate notice to the public of groundwater contamination in the area affected by the groundwater contamination to be equivalent to recorded groundwater use restrictions. [SECTIONS 35, 38 and 41.]

JES:RJC:ksm;jal;ksm

**APPENDIX 1**

**JOINT LEGISLATIVE COUNCIL**

s. 13.81, Stats.

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**APPENDIX 2**

**STATE STRATEGIES FOR ECONOMIC DEVELOPMENT,  
SPECIAL COMMITTEE ON**

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**STUDY ASSIGNMENT:** The Committee is directed to study means to strengthen Wisconsin's competitive economic position in the first decade of the next millennium. The Special Committee shall analyze the state's relative economic strengths and weaknesses and current and emerging economic trends and related data, and recommend policies and practices to promote a growing state economy which remains competitive, dynamic and responsive to changing needs and demands. The Special Committee shall report its recommendations to the Joint Legislative Council by May 1, 1999. [Based on a June 3, 1998 letter from Sen. Robert Welch.]

Established and Chairperson appointed by a June 24, 1998 mail ballot; members appointed by a September 4, 1998 mail ballot.

**21 MEMBERS:** 4 Senators; 4 Representatives; and 13 Public Members.

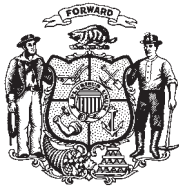
**LEGISLATIVE COUNCIL STAFF:** John Stolzenberg, Staff Scientist; Robert Conlin, Senior Staff Attorney; and Julie Learned, Administrative Staff.

(1) Added to the Committee by a November 13, 1998 mail ballot.



State of Wisconsin  
JOINT LEGISLATIVE COUNCIL

**Special Committee on State Strategies  
for Economic Development**  
*Senator Robert Welch*  
*Chairperson*



**Committee Staff:**  
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June 1, 1999

Senator Brian Burke, Cochairperson  
Joint Committee on Finance  
Room 316 South, State Capitol  
Madison, WI 53702

Representative John Gard, Cochairperson  
Joint Committee on Finance  
Room 315 North, State Capitol  
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Over the last eight months, the Joint Legislative Council's Special Committee on State Strategies for Economic Development has conducted a major review of the state's economic development policy and programs. One of the major findings of the Special Committee is that Wisconsin needs to reorient its state's economic development programs. This reorientation is reflected in the mission statement developed by the Special Committee:

Within 10 years, Wisconsin will be a world leader by:

1. Having the most highly skilled professional and technical work force;
2. Having the best system of encouraging entrepreneurial ventures;  
and
3. Having a tax, regulatory and financial climate conducive to a healthy statewide economy.

In developing its recommendations, the Special Committee identified at its May 24, 1999 meeting a number of initiatives it would like the Joint Committee on Finance to consider for inclusion in the 1999-01 state budget. These recommendations either relate to specific provisions in the Governor's budget bill or there is some urgency for their adoption, for example, to coordinate them with the implementation of another state program.

Accordingly, the Special Committee requests that the Joint Committee on Finance consider for incorporation the following recommendations into its version of the 1999-01 state budget. Brief rationale follows the statement of each recommendation.

### **1. Reduce Individual Income Taxes**

**Recommendation:** Reduce individual income taxes over the next four years so Wisconsin moves out of the top 10 ranking for combined state and local taxes.

**Rationale:** In a ranking of Special Committee member priority issues, moving the state down in the national tax rankings was, by a large margin, the members' highest priority. Although the Special Committee recognized that Wisconsin possesses many assets that are attractive to businesses and individuals seeking to relocate here, e.g., a well-educated and skilled work force, quality schools, inexpensive energy, abundant natural resources and good municipal and governmental services, Wisconsin's individual income tax climate is a major impediment to keeping the industries we currently have and attracting the high tech industries that offer high skill and high wage jobs that the state needs to sustain its phenomenal economic strength into the 21st Century. While the Special Committee acknowledged that maintaining the state's attractive qualities foreclose wholesale slashing of the state's individual income taxes, it felt strongly that moving the state out of the top 10 would send a strong message that Wisconsin is serious about attracting the high-value industries Wisconsin will need in the next millennium.

### **2. Adopt Single-Factor Apportionment Formula**

**Recommendation:** Adopt, as soon as possible, a single-factor apportionment formula applicable to the state corporate income tax.

**Rationale:** With a number of states adopting a single-factor apportionment formula in their tax codes, the Special Committee concluded that Wisconsin's current multi-factor apportionment formula makes Wisconsin a less-attractive place to do business and puts the state at a competitive disadvantage. The Special Committee concluded that adoption of a single-factor apportionment formula would help Wisconsin's businesses better compete in the national marketplace.

### **3. Refine the CAPCO Law**

**Recommendation:** Amend the certified capital companies (CAPCO) law created by 1997 Wisconsin Act 215 to do the following:

- a. Lower the average annual net income of a qualified business that a CAPCO may invest in from \$2 million to \$1 million.
- b. Preclude a CAPCO's qualified investment from being used to replace existing sources of financing.
- c. Require a CAPCO to have professional staff based in the state to manage its investments in qualified businesses in Wisconsin to ensure that the CAPCO will be able to provide the direct assistance that start-up firms need.

**Rationale:** The Special Committee heard repeatedly of the need for start-up venture capital in Wisconsin. Although later stage venture capital is more readily available, it does nothing to assist firms trying to “spin-off” new technologies developed at our University of Wisconsin (UW) System campuses and at private colleges. The Special Committee believes that a major component of the state’s 21st Century economic landscape can be a thriving high-tech industry spawned by Wisconsin’s colleges and universities if adequate seed capital is available in the state. The Special Committee believes that these recommendations focus CAPCO’s qualified investments on supporting the creation and expansion of start-up firms, i.e., they will be providing seed capital rather than later stage financing to businesses in Wisconsin. It is important that these changes be incorporated into the budget bill to ensure that CAPCO’s qualified investments will focus on the type of venture capital most needed in Wisconsin because the CAPCO law, 1997 Wisconsin Act 215, is scheduled to go into effect July 1, 1999 and it is anticipated that the available tax credits will be subscribed shortly after the program goes into effect.

#### **4. Expand Adult Apprenticeships**

**Recommendation:** In reviewing the Governor’s proposal for the Work-Based Learning Board, direct it to do the following:

- a. Coordinate the youth apprenticeship, technical college degree programs and adult apprenticeship system, where appropriate, to create a seamless system among these programs without lowering the standards of any of them.
- b. Promote youth and adult apprenticeships in high schools.

**Rationale:** The Special Committee learned that Wisconsin will soon be faced with a significant shortage of skilled trades workers due to pending large-scale retirements in the current work force. To prepare for this occurrence, the Special Committee concurred with the Governor’s Task Force on Technical Education’s recent recommendation that there is a need to develop a seamless system among youth apprenticeship, technical college degree programs and the adult apprenticeship system to make school-to-work activities most effective, encourage students to become involved in these activities and to ultimately develop the skilled work force necessary for sustained economic growth in the next century.

#### **5. Provide Foreign Language Immersion Instruction**

**Recommendation:** Modify the Joint Finance Committee’s action to approve the Governor’s recommendation to provide \$350,000 general purpose revenue (GPR) in 2000-01 to the TEACH Board for foreign language instruction grants and instead provide \$350,000 GPR in fiscal year 1999-00 and \$750,000 in fiscal year 2000-01 to the Department of Public Instruction (DPI) for a foreign language immersion instruction grant program.

**Rationale:** The Special Committee feels that to be competitive in the global economy as we enter the 21st Century, Wisconsin’s work force needs to be multi-lingual and the best way to teach foreign language is through immersion instruction. The Special Committee endorsed the foreign language immersion instruction grant program which was recommended by the Governor’s WITCO Task Force on International Education.



**6. Wisconsin World Geography Fund**

**Recommendation:** Appropriate \$500,000 GPR in fiscal year 2000-01 to provide matching funds for a grant from the National Geographic Society Education Foundation to establish the Wisconsin World Geography Fund. Specify that the income and appreciation of this fund be used to fund grants to educational programs in the state that improve the geographic literacy of students and teachers.

**Rationale:** This recommendation is based upon another recommendation of the Governor's WITCO Task Force on International Education. The Governor did not provide any funds in his budget for this purpose. If the matching funds are not provided, the state would not receive a \$500,000 grant from the National Geographic Society to support the Wisconsin Geographic Alliance, the principal geographic education organization of the state. This Society has a limited pool of funds available for state endowments and is providing the funds to states on a first-come, first-served basis. The Special Committee feels that the establishment of this fund is a unique opportunity to help ensure an international perspective in K-12 education and help prepare Wisconsin's students for working in the international economy.

Thank you for considering the Special Committee's recommendations. If you have any questions about any of the recommendations set forth in this letter, please feel free to direct them to me.

Sincerely,

Senator Robert Welch, Chairperson  
Special Committee on State Strategies for  
Economic Development

RW:jal;ksm

cc: Members of the Joint Committee on Finance  
Bob Lang, Legislative Fiscal Bureau

## APPENDIX 4

### COMMITTEE MATERIALS

#### Staff Materials

1. Staff Brief 98-6, *Introduction to Economic Development in Wisconsin* (October 8, 1998).
2. Memo No. 1, *Rights to Intellectual Property Within the University of Wisconsin System* (January 11, 1999).
3. Memo No. 2, *Wisconsin Higher Education Research Budget and Expenditures* (January 11, 1999).
4. Memo No. 3, *State Programs Relating to Venture Capital* (February 8, 1999).
5. Memo No. 4, *Personal Income Tax Reductions in 1998* (February 8, 1999).
6. Memo No. 5, *Recommendations of the Wisconsin Expenditure Commission* (February 8, 1999).
7. Memo No. 6, *Federal Funding for Job-Related, Low-Income Transportation Assistance* (February 8, 1999).
8. Memo No. 7, *Tax Treatment of Research and Educational Expenses* (March 8, 1999).
9. Memo No. 8, *State Tax Treatment of Capital Gains* (March 8, 1999).
10. Memo No. 9, *Environmental Audits: Assembly Substitute Amendment 2 to 1997 Assembly Bill 235* (March 15, 1999).
11. Memo No. 10, *Department of Commerce's Economic Development Financial Assistance Programs* (April 12, 1999).
12. Memo No. 11, *Income Tax Options* (May 17, 1999).
13. Memo No. 12, *School-to-Adult Apprenticeship Program Options* (May 17, 1999).
14. Table, *Economic Development Issues Identified at the December 16, 1998 Committee Meeting* (December 22, 1998; updated January 11, 1999).
15. Table, *Member Priority Issues - Sorted by Total Score* (January 11, 1999; reformatted January 12, 1999).

#### Other Materials

1. 1997 Annual Report, *Responsive Leadership*, prepared by the Wisconsin Housing and Economic Development Authority (WHEDA) (undated). (For Committee members only.)

2. Packet of materials from Forward Wisconsin, prepared by Brenda Blanchard, President (undated). (For Committee members only.)
3. Packet of materials from the Department of Commerce, prepared by Philip Albert, Acting Secretary (undated). (For Committee members only.)
4. Letter from Philip Albert, Acting Secretary, Department of Commerce (November 23, 1998).
5. *Response to the Joint Legislative Council Special Committee on State Strategies for Economic Development*, prepared by Forward Wisconsin (November 13, 1998). (For Committee members only.)
6. Packet, *UW-TEC Technology Enterprise Cooperative, A University Industry Partnership in Technology, Business and Entrepreneurship* (undated). (For Committee members only.)
7. Paper, *Rural Wisconsin: 2008*, prepared by Ron Shaffer, Community Development Economist, University of Wisconsin (UW)-Extension, Center for Community Economic Development (undated).
8. Publication, "The Economic War Among the States," *The Region*, published by the Federal Reserve Bank of Minneapolis (June 1996). (For Committee Members only.)
9. Report, *Bidding for Business: Are Cities and States Selling Themselves Short?*, prepared by William Schweke, Carl Rist and Brian Dabson, Corporation for Enterprise Development (1994). (For Committee members only.)
10. An information packet from the UW-Extension Small Business Development Center, dated December 8, 1998, which includes: *Recommendations for Energizing Wisconsin's Small Business Environment* (December 8, 1998); the *Small Business Development Center 1997-98 Annual Report*; and *Start and Grow Your Own Business Guide*. (For Committee members only.)
11. *Time Magazine* articles: "Corporate Welfare" and "States at War" (November 9, 1998); "Fantasy Islands" (November 16, 1998); "Paying a Price for Polluters" (November 23, 1998); and "The Empire of the Pigs" (November 30, 1998). (For Committee members only.)
12. Letter and attachments to Governor Tommy G. Thompson, from John R. Gillis (December 5, 19998).
13. Report, *Wisconsin's Economic Expansion 1969-1996 and 1990-1996*, by Jon G. Udell, Irwin Maier Professor of Business and Co-director, The Enterprise Center, UW-Madison School of Business (July 1997).
14. Report, *Measuring Success, Benchmarks for a Competitive Wisconsin*, prepared by Competitive Wisconsin Inc., Wisconsin Taxpayers Alliance (December 1998).
15. Burrus, Daniel, with Roger Gittines, *Technotrends* (HarperBusiness, 1993).

16. Memorandum, from Kelsie Doty, Fiscal Analyst, Legislative Fiscal Bureau (LFB), *Individual Income Tax Collections: Rankings by State* (January 8, 1999).
17. Memorandum, from Ron Shaffer, Community Development Economist, UW-Extension, *Follow up on bias against nonmanufacturing in practice and statutes* (December 28, 1998).
18. Testimony of John D. Wiley, Provost, UW-Madison (January 11, 1999).
19. UW-Madison *1997-98 Annual Report*, Chancellor David Ward.
20. Brochure, *University-Industry Relations, Your Research for Creating Partnerships in Research and Technology* (undated).
21. *Special Legislative Council Committee on State Strategies for Economic Development*, handouts provided by the UW System (January 11, 1999).
22. *Economic Development Strategies for Wisconsin Agriculture*, Ben Brancel, Secretary, Department of Agriculture, Trade and Consumer Protection (undated).
23. Memorandum to Senator Robert Welch from Dennis Nitschke, relating to workforce issues (February 8, 1999).
24. Letter to Senator Robert Welch from Roger Ganser, Venture Investors Management LLC (January 19, 1999).
25. *Investment Goals and Long-Term Strategies*, State of Wisconsin Investment Board (SWIB) (January 1999). (For Committee members only.)
26. *Five Year Goals for Investments in Wisconsin*, SWIB (June 30, 1997). (For Committee members only.)
27. Press Release, *New Investments in Wisconsin Top One Billion Dollars*, SWIB (October 6, 1998). (For Committee members only.)
28. *An Evaluation of Entrepreneurial Assistance Network Program*, Report 92-28, Legislative Audit Bureau (October 1992). (For Committee members only.)
29. Memorandum, *Individual Income Tax: Law Changes and Historical Collections*, from Kelsie Doty, LFB (February 4, 1999).
30. Memorandum, *State and Local Tax Rankings by State*, from Rob Reinhardt, LFB (January 14, 1999).
31. Memorandum, *Alternative Individual Income Tax Rates and Brackets*, from Kelsie Doty, LFB (January 20, 1999).
32. Wisconsin Legislative Council Information Memorandum 98-26, *Recent Wisconsin Brownfields Initiatives* (July 21, 1998). (For Committee members only.)

33. *Brownfields Study Group Final Report*, Department of Natural Resources (DNR) (1999). (For Committee members only.)
34. *Contaminated Land and Brownfields Cleanup Programs*, Informational Paper #62, LFB (January 1999). (For Committee members only.)
35. *Urban Mass Transit Assistance*, Informational Paper #23, LFB (January 1999). (For Committee members only.)
36. Letter from Brenda Blanchard, Secretary, Department of Commerce (January 22, 1999).
37. Letter from Charles B. Hoslet, Special Assistant to the Chancellor - State Relations, UW-Madison (February 2, 1999).
38. Memorandum, *Legislative Council Study - Workforce Issues*, from Dennis Nitschke (February 8, 1999).
39. Booklet, *How to Create a GLOBAL GENERATION IN WISCONSIN for the 21st Century*, Governor's WITCO Taskforce on International Education (undated).
40. Handout, *Venture Capital Investing, SWIB*, by Patricia Lipton, Executive Director (February 15, 1999).
41. Publication, *The Financial Resource Guide for Redevelopment*, Wisconsin DNR and Wisconsin Department of Commerce (July 25, 1998).
42. Memorandum, *Economic Development Strategies for Wisconsin Agriculture*, from Keeley Moll (January 14, 1999).
43. Handout, *Venture Investors Management, LLC* (undated).
44. Letter from John Neis, Partner, Venture Investors Management, LLC (February 2, 1999).
45. Binder, *Governor Thompson's W-3 Vision* (undated). (For Committee members only.)
46. *Summary of Tax Exemption Devices 1999-2001*, Department of Administration and Department of Revenue (February 1999). (For Committee members only.)
47. Memorandum, *Alternative Individual Income Tax Rates and Brackets*, from Kelsey Doty, LFB (February 18, 1999).
48. Memorandum, *Corporate Income and Franchise Tax Rankings*, from Ron Shanovich, LFB (February 26, 1999).
49. Letter from Fritz Ruf (January 25, 1999).

50. Letter to Governor Tommy G. Thompson from John R. Gillis (December 5, 1998).
51. Treatment by the 1999-2001 Executive Budget Bill (1999 Assembly Bill 133 and 1999 Senate Bill 45) of Issues and Proposals Before the Special Committee on State Strategies for Economic Development at its March 15, 1999 meeting.
52. Proposal by Dr. Rolf Wegenke, Ph.D., President, Wisconsin Association of Independent Colleges and Universities, relating to a tuition tax credit for higher education expenses (October 15, 1998).
53. Letter from Patricia Lipton, Executive Director, SWIB (March 5, 1999).
54. Letter from Joseph P. Hildebrandt (March 8, 1999).
55. Letter from David J. Ward, Senior Vice President, Academic Affairs (March 1, 1999).
56. Memorandum from WITCO International Education Task Force (March 8, 1999).
57. Additional materials distributed by WITCO Task Force members at the February 15, 1999 meeting.
58. Memorandum, *Proposals Relating to Transportation of Low-Income Individuals*, from Representative Suzanne Jeskewitz (March 15, 1999).
59. Governor Tommy G. Thompson's Task Force on Technical Education, *Technical Education and Training: The Future of Wisconsin's Workforce* (February 1999). (For Committee members only.)
60. Legislative Fiscal Bureau Informational Paper No. 83, *State Economic Development Programs Administered by the Department of Commerce* (January 1999). (For Committee members only.)
61. Letter from Dennis Nitschke (March 29, 1999).
62. Letter with attachment from Patricia Lipton, Executive Director, SWIB (April 7, 1999).
63. *Proposal for State of Wisconsin Investment Board to Invest up to \$50 Million in Non-Public Healthcare/Biotechnology Companies in Wisconsin and Midwest*, submitted by Patricia Lipton, SWIB (April 7, 1999).
64. Letter from Brenda J. Blanchard, Secretary, Department of Commerce (May 19, 1999).
65. *Treatment of Community-Based Economic Development Programs, s. 560.14, Stats., by WLCS: 0151/P1.*
66. Memorandum, *Productivity Enhancement Training Credit*, from Ron Shanovich, Fiscal Analyst, LFB (May 24, 1999).

67. Book, *A Lawmaker's Guide to the Use of Business Tax Incentives*, Deloitte & Touche, Center for Multistate Taxation at the UW-Milwaukee (1999).